

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 SSO-00 NSCE-00 USIE-00 INRE-00

AID-05 CEA-01 CIAE-00 COME-00 EB-06 EA-10 FRB-01

INR-07 IO-10 NEA-10 NSAE-00 RSC-01 OPIC-06 SP-02

TRSE-00 CIEP-02 LAB-03 SIL-01 SWF-01 OMB-01 ABF-01

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FM USMISSION OECD PARIS

TO SECSTATE WASH DC IMMEDIATE 4087

UNCLAS SECTION 01 OF 02 OECD PARIS 25621

FOR EUR/RPE AND AID/PPC

E.O. 11652: N/A

TAGS: AORG, AFIN, OECD

SUBJECT: 1975 OECD PROGRAM OF WORK AND BUDGET

REFS: A) C(74)175; B) USOECD 23508; C) STATE 233669

1. SUMMARY. DURING COUNCIL DISCUSSIONS OCT. 24-25 ON 1975 PROGRAM OF WORK AND BUDGET MOST DELEGATIONS EXPRESSED SUPPORT FOR PROGRAM OF WORK AND ONLY A FEW DELEGATIONS SUGGESTED THE ESTABLISHMENT OF A CEILING ON BUDGETARY EXPENDITURES OR LARGE BUDGETARY DECREASES. SECRETARY GENERAL MADE VIGOROUS DEFENSE OF ORGANIZATION'S NEED FOR THE NECESSARY BUDGETARY RESOURCES TO CARRY OUT PROGRAMS AGREED TO BY MEMBER COUNTRIES. HE ALSO POINTED OUT CUTBACKS IN OTHER PROGRAMS THAT WERE MADE SO THAT RESOURCES COULD BE RELEASED FOR ENERGY ACTIVITIES DURING 1974 AND 1975. END SUMMARY. ACTION REQUESTED: SINCE BUDGET COMMITTEE EXAMINATION STARTED OCT. 28 AND EXPECTED BE COMPLETED BY THIRD WEEK OF NOVEMBER, REQUEST INSTRUCTIONS PARAS 4 AND 8 BY NOVEMBER 1.

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2. UK PROPOSED CEILING OF 16 PERCENT ON INCREASE IN BUDGETARY CONTRIBUTION LEVEL OVER APPROVED 1974 BUDGET LEVEL. GERMAN, SPANISH AND CANADIAN REPRESENTATIVES SUPPORTED CONCEPT OF BUDGETARY CEILING BUT DID NOT SPECIFICALLY SUPPORT 16 PERCENT LIMITATION ON GROWTH OF BUDGETARY EXPENDITURES.

3. RELATIVELY FEW AREAS PROPOSED FOR REDUCTION OR ABOLISHMENT AND THESE WERE IN AREAS SUGGESTED FOR ABOLISHMENT IN 1974. THE AUSTRALIAN REPRESENTATIVE PROPOSED ABOLISHMENT OF THE PRESS REVIEW AND TOURISM COMMITTEE. FRENCH REPRESENTATIVE SUGGESTED ORGANIZATION SHOULD AGAIN LOOK TOWARDS FISHERIES COMMITTEE AND TOURISM COMMITTEE AS POSSIBLE CANDIDATES FOR SUPPRESSION. THE FRENCH REPRESENTATIVE ALSO QUESTIONED WHETHER ESTABLISHMENT TABLE WAS EXCESSIVE AND LEVELED INDIRECT ATTACK UPON ACTIVITIES OF OECD STAFF ASSOCIATION.

4. ITALIAN AND FRENCH REPRESENTATIVES STATED THEY COULD NOT ACCEPT THE INTEGRATION OF THE POPULATION ACTIVITIES INTO THE REGULAR PROGRAM AND BUDGET OF THE DEVELOPMENT CENTER. US HAS PREVIOUSLY INDICATED THAT THEY COULD NOT SUPPORT A CONTINUATION OF THE POPULATION ACTIVITIES UNLESS SUCH WORK WAS COMPLETELY INTEGRATED INTO THE REGULAR DEVELOPMENT CENTER ACTIVITIES. REQUEST EARLY INSTRUCTIONS ON WHETHER US SHOULD PRESS FOR INTEGRATION OF POPULATION ACTIVITIES IN FACE OF ITALIAN/FRENCH OPPOSITION OR WHETHER US COULD ACCEPT CONTINUATION SEPARATE FUNDING OF POPULATION ACTIVITIES.

5. IN LINE WITH INSTRUCTION PARA 5, REF C, US SUGGESTED A FULL REVIEW OF THE PROCEDURES FOR ADJUSTMENTS OF SALARIES FOR STAFF DURING THE CCG DISCUSSIONS ON THE 1974 GENERAL REVIEW OF SALARIES. AUSTRALIAN, SWEDISH

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AND JAPANESE REPRESENTATIVES ALSO EXPRESSED CONCERN OVER SPIRALING SALARIES AND PROCEDURES FOLLOWED BY ORGANIZATION IN SETTING SALARY SCALES.

6. SECRETARY GENERAL MADE STRONG (AND EMOTIONAL) CASE FOR MAINTAINING THE PROGRAM AND RELATED BUDGETARY COSTS PRESENTED IN REF A. HE EXPRESSED DISMAY THAT CERTAIN DELEGATIONS WILLING CONSIDER DECREASE IN REAL TERMS IN WORK OF ORGANIZATION TO OFFSET INCREASED BUDGETARY EXPENDITURES IN 1974 THAT WAS CAUSED BY AN INFLATION RATE OF 14-1/2 PERCENT IN FRANCE. HE STATED IT WAS IRRELEVANT IN THE JUDGMENT OF BUDGETS TO LUMP TOGETHER ADJUSTMENTS MADE DURING ONE BUDGET YEAR WITH THE INCREASE FROM ONE BUDGET YEAR TO ANOTHER. HE BELIEVED THE EXAMINATION OF THE BUDGET SHOULD BE CONCENTRATED ON THE QUESTION OF THE RESOURCES REQUIRED TO IMPLEMENT AGREED UPON PROGRAMS OF WORK AND THAT IT WAS CONTRADICTORY TO AGREE TO PROGRAMS BUT TO DISAGREE ON NOMINAL WAGE AND PRICE INCREASES. HE ALSO RECALLED THE MAJOR SHIFTS OF EMPHASIS AND RESOURCES CARRIED OUT IN 1974 TO FUND
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EXPANDED ENERGY ACTIVITIES WHICH BROUGHT ABOUT A DECREASE IN REAL RESOURCES FOR OTHER PARTS OF THE ORGANIZATION. COPIES OF SECRETARY GENERAL'S STATEMENTS ON OCT. 24 AND 25 POUCHED TO EUR/RPE.

7. COUNCIL REFERRED PROGRAM OF WORK AND BUDGET DIRECTLY TO BUDGET COMMITTEE FOR EXAMINATION. BUDGET COMMITTEE INSTRUCTED TO PREPARE THEIR OPINION ON BUDGET PRIOR TO NOV. 21 SO THAT UNRESOLVED ISSUES COULD BE DEALT WITH BY THE EXECUTIVE COMMITTEE AND COUNCIL.

8. AS INDICATED IN REF B, MISSION DOES NOT BELIEVE THAT

MAJOR SAVINGS CAN BE MADE WITHOUT SIGNIFICANT DECREASE
IN REAL TERMS AND AN ASSOCIATED DECREASE IN PROGRAMS
CARRIED OUT BY ORGANIZATION. IF DECREASE IN ACTIVITIES
OF ORGANIZATION DESIRED BY WASHINGTON, REQUEST DEPART-
MENT IDENTIFY AND OBTAIN NECESSARY INTER-AGENCY AGREE-
MENTS FOR AREAS RECOMMENDED FOR ABOLITION.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 30 OCT 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974OECDP25621
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740309-1021
From: OECD PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974107/aaaaafl.tel
Line Count: 176
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: A) C(74)175; B) USOECD 23508; C) STA, TE 233669
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 12 NOV 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 NOV 2002 by shawdg>; APPROVED <03 DEC 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: 1975 OECD PROGRAM OF WORK AND BUDGET
TAGS: AORG, AFIN, OECD
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005